

108TH CONGRESS
1ST SESSION

H. R. 790

To amend the Internal Revenue Code of 1986 to provide credits for individuals and businesses for the installation of certain wind energy property.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2003

Mr. COLE (for himself and Mr. CARSON of Oklahoma) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide credits for individuals and businesses for the installation of certain wind energy property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home and Farm Wind
5 Energy Systems Act of 2003”.

6 **SEC. 2. CREDIT FOR WIND ENERGY PROPERTY INSTALLED**
7 **IN RESIDENCES AND BUSINESSES.**

8 (a) IN GENERAL.—Subpart B of part IV of sub-
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after section 30A the fol-
 2 lowing new section:

3 **“SEC. 30B. WIND ENERGY PROPERTY.**

4 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 5 lowed as a credit against the tax imposed by this chapter
 6 for the taxable year an amount equal to 30 percent (10
 7 percent after December 31, 2013) of the amount paid or
 8 incurred by the taxpayer for qualified wind energy prop-
 9 erty placed in service or installed during such taxable year.

10 “(b) LIMITATION.—No credit shall be allowed under
 11 subsection (a) unless at least 50 percent of the energy pro-
 12 duced annually by the qualified wind energy property is
 13 consumed on the site on which the property is placed in
 14 service or installed.

15 “(c) QUALIFIED WIND ENERGY PROPERTY.—For
 16 purposes of this section, the term ‘qualified wind energy
 17 property’ means a qualifying wind turbine if—

18 “(1) in the case of an individual, the property
 19 is installed on or in connection with a dwelling unit
 20 which is located in the United States and which is
 21 owned and used as the taxpayer’s principal resi-
 22 dence,

23 “(2) the original use of which commences with
 24 the taxpayer, and

1 “(3) the property carries at least a 5-year lim-
2 ited warranty covering defects in design, material, or
3 workmanship, and, for property that is not installed
4 by the taxpayer, at least a 5-year limited warranty
5 covering defects in installation.

6 “(d) OTHER DEFINITIONS.—For purposes of this
7 section—

8 “(1) QUALIFYING WIND TURBINE.—The term
9 ‘qualifying wind turbine’ means a wind turbine of 75
10 kilowatts of rated capacity or less which meets the
11 latest performance rating standards published by the
12 American Wind Energy Association and which is
13 used to generate electricity.

14 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
15 cipal residence’ shall have the same meaning as
16 when used in section 121.

17 “(e) LIMITATION BASED ON AMOUNT OF TAX.—

18 “(1) IN GENERAL.—The credit allowed under
19 subsection (a) for any taxable year shall not exceed
20 the excess of—

21 “(A) the sum of the regular tax liability
22 (as defined in section 26(b)) plus the tax im-
23 posed by section 55, over

24 “(B) the sum of the credits allowable
25 under this part (other than under this section

1 and subpart C thereof, relating to refundable
2 credits) and section 1397E.

3 “(2) CARRYOVER OF UNUSED CREDIT.—If the
4 credit allowable under subsection (a) exceeds the
5 limitation imposed by paragraph (1) for such taxable
6 year, such excess shall be carried to the succeeding
7 taxable year and added to the credit allowable under
8 subsection (a) for such taxable year.

9 “(f) SPECIAL RULES.—For purposes of this sec-
10 tion—

11 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
12 HOUSING CORPORATION.—In the case of an indi-
13 vidual who is a tenant-stockholder (as defined in sec-
14 tion 216(b)(2)) in a cooperative housing corporation
15 (as defined in section 216(b)(1)), such individual
16 shall be treated as having paid his tenant-stock-
17 holder’s proportionate share (as defined in section
18 216(b)(3)) of any expenditures paid or incurred for
19 qualified wind energy property by such corporation,
20 and such credit shall be allocated appropriately to
21 such individual.

22 “(2) CONDOMINIUMS.—

23 “(A) IN GENERAL.—In the case of an indi-
24 vidual who is a member of a condominium man-
25 agement association with respect to a condo-

1 minium which he owns, such individual shall be
 2 treated as having paid his proportionate share
 3 of expenditures paid or incurred for qualified
 4 wind energy property by such association, and
 5 such credit shall be allocated appropriately to
 6 such individual.

7 “(B) CONDOMINIUM MANAGEMENT ASSO-
 8 CIATION.—For purposes of this paragraph, the
 9 term ‘condominium management association’
 10 means an organization which meets the require-
 11 ments of section 528(c)(2) with respect to a
 12 condominium project of which substantially all
 13 of the units are used by individuals as resi-
 14 dences.

15 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
 16 title, if a credit is allowed under this section for any ex-
 17 penditure with respect to a residence or other property,
 18 the basis of such residence or other property shall be re-
 19 duced by the amount of the credit so allowed.

20 “(h) APPLICATION OF CREDIT.—The credit allowed
 21 under this section shall apply to property placed in service
 22 or installed after December 31, 2003.”.

23 (b) CONFORMING AMENDMENT.—Subsection (a) of
 24 section 1016 of such Code (relating to general rule for
 25 adjustments to basis) is amended by striking “and” at the

1 end of paragraph (27), by striking the period at the end
 2 of paragraph (28) and inserting “, and”, and by adding
 3 at the end the following new paragraph:

4 “(29) in the case of a residence or other prop-
 5 erty with respect to which a credit was allowed
 6 under section 30B, to the extent provided in section
 7 30B(g).”.

8 (c) CLERICAL AMENDMENT.—The table of sections
 9 for subpart B of part IV of subchapter A of chapter 1
 10 of such Code is amended by inserting after the item relat-
 11 ing to section 30A the following new item:

“Sec. 30B. Wind energy property.”.

12 (d) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years ending after De-
 14 cember 31, 2003.

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